TENNESSEE AIR POLLUTION CONTROL BOARD DEPARTMENT OF ENVIRONMENT AND CONSERVATION NASHVILLE, TENNESSEE 37243-1531



NO_x Budget Permit Issued Pursuant to Tennessee Air Quality Act

This permit fulfills the requirements of the NO_X Budget Trading Program and the federal regulations promulgated thereunder at 40 CFR Part 96. This permit is issued in accordance with the provisions of rule 1200-3-27-.06 of the Tennessee Air Pollution Control Regulations.

Date Issued: DRAFT Permit Number: 057493N

Date Expires: March 4, 2009

Issued To: Installation Address:

Brownsville Power I, L.L.C. 948 Beech Grove Road

Brownsville

ORIS/Facility Code: 55081

Description of NO_X Budget Units:

Four (4) Natural Gas-fired Simple-cycle Combustion Turbines (Units ID# AA-001, AA-002, AA-003, and AA-004)

Emission Source Reference Number: 38-0068

Renewal Application Due Date:

Between June 8, 2008 and September 6, 2008

NO_X Authorized Account Representative: Alternate Account Representative:

Name: Barry E. Pulskamp Name: John J. Roebel

Title: Vice President, Generation Title: V.P., Generation Resources

Phone: (513) 419-5334 Phone: (513) 287-3640

Information Relied Upon:

NO_x Budget Permit Application dated November 25, 2002

This NO_X Budget permit consists of this cover page and the following three pages (NO_X Budget permit application).

DRAFT
TECHNICAL SECRETARY

No Authority is Granted by this Permit to Operate, Construct, or Maintain any Installation in Violation of any Law, Statute, Code, Ordinance, Rule, or Regulation of the State of Tennessee or any of its Political Subdivisions.

POST OR FILE AT INSTALLATION ADDRESS

CN-0827 (Rev.9-92) RDA-1298

NOx Budget Permit Application

Page 1

For more information, refer to 40 CFR 97.21 and 97.22

This submission is: X New

Identify the source by plant name, State, and ORIS or facility code

Brownsville Power I, L.L.C. TN 55081 Plant Name State **ORIS/Facility Code**

STEP 2 Enter the unit ID# for each NOx budget unit

| Unit ID# | |
|----------|--|
| AA-001 | |
| AA-002 | |
| AA-003 | |
| AA-004 | |
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STEP 3 Read the standard requirements and the certification, enter the name of the NOx authorized account representative, and sign and date

Standard Requirements

- (a) Permit Requirements.
- (1) The NOx authorized account representative of each NOx Budget source required to have a federally enforceable permit and each NOx Budget unit required to have a federally enforceable permit at the source
 - (i) Submit to the permitting authority a complete NOx Budget permit application under § 97.22 in accordance with the deadlines specified in § 97.21(b) and (c);

 (ii) Submit in a timely manner any supplemental information that the permitting authority determines
 - is necessary in order to review a NOx Budget permit application and issue or deny a NOx Budget
- (2) The owners and operators of each NOx Budget source required to have a federally enforceable permit and each NOx Budget unit required to have a federally enforceable permit at the source shall have a NOx Budget permit issued by the permitting authority and operate the unit in compliance with such NOx Budget
- (3) The owners and operators of a NOx Budget source that is not otherwise required to have a federally enforceable permit are not required to submit a NOx Budget permit application, and to have a NOx Budget permit, under subpart C of 40 CFR part 97 for such NOx Budget source.

(b) Monitoring requirements.

(1) The owners and operators and, to the extent applicable, the NOx authorized account representative of each NOx Budget source and each NOx Budget unit at the source shall comply with the monitoring requirements of subpart H of 40 CFR part 97.

(2) The emissions measurements recorded and reported in accordance with subpart H of 40 CFR part 97 shall be used to determine compliance by the unit with the NOx Budget emissions limitation under paragraph (c).

(c) Nitrogen oxides requirements.

(1) The owners and operators of each NOx Budget source and each NOx Budget unit at the source shall hold NOx allowances available for compliance deductions under § 97.54(a), (b), (e), or (f) as of the NOx allowance transfer deadline, in the unit's compliance account and the source's overdraft account in an amount not less than the total NOx emissions for the control period from the unit, as determined in accordance with subpart H of 40 CFR part 97, plus any amount necessary to account for actual heat input under § 97.42(e) for the control period or to account for excess emissions for a prior control period under § 97.54(d) or to account for withdrawal from the NOx Budget Trading Program, or a change in regulatory status, of a NOx Budget opt-in unit under § 97.86 or § 97.87.

(2) Each ton of nitrogen oxides emitted in excess of the NOx Budget emissions limitation shall constitute a separate violation of 40 CFR part 97, the Clean Air Act, and applicable State law.

(3) A NOx Budget unit shall be subject to the requirements under paragraph (c)(1) starting on the later of May 1, 2003 or the date on which the unit commences operation.

(4) NOx allowances shall be held in, deducted from, or transferred among NOx Allowance Tracking System accounts in accordance with subparts E, F, G, and I of 40 CFR part 97.

(5) A NOx allowance shall not be deducted, in order to comply with the requirements under paragraph (c)(1), for a control period in a year prior to the year for which the NOx allowance was allocated.

(6) A NOx allowance allocated by the Administrator under the NOx Budget Trading Program is a limited authorization to emit one ton of nitrogen oxides in accordance with the NOx Budget Trading Program. No provision of the NOx Budget Trading Program, the NOx Budget permit application, the NOx Budget permit, or an exemption under § 97.4(b) or § 97.5 and no provision of law shall be construed to limit the authority of the United States to terminate or limit such authorization.

(7) A NOx allowance allocated by the Administrator under the NOx Budget Trading Program does not constitute a property right.

(8) Upon recordation by the Administrator under subpart F or G of 40 CFR part 97, every allocation, transfer, or deduction of a NOx allowance to or from a NOx Budget unit's compliance account or the overdraft account of the source where the unit is located is incorporated automatically in any NOx Budget permit of the NOx Budget unit.

(d) Excess emissions requirements.

- (1) The owners and operators of a NOx Budget unit that has excess emissions in any control period shall:
 - (i) Surrender the NOx allowances required for deduction under § 97.54(d)(1); and
 - (ii) Pay any fine, penalty, or assessment or comply with any other remedy imposed under § 97.54(d)(3).

(e) Recordkeeping and Reporting Requirements.

(1) Unless otherwise provided, the owners and operators of the NOx Budget source and each NOx Budget unit at the source shall keep on site at the source each of the following documents for a period of 5 years from the date the document is created. This period may be extended for cause, at any time prior to the end of 5 years, in writing by the permitting authority or the Administrator.

(i) The account certificate of representation under § 97.13 for the NOx authorized account representative for the source and each NOx Budget unit at the source and all documents that demonstrate the truth of the statements in the account certificate of representation; provided that the certificate and documents shall be retained on site at the source beyond such 5-year period until such documents are superseded because of the submission of a new account certificate of representation under § 97.13 changing the NOx authorized account representative.

(ii) All emissions monitoring information, in accordance with subpart H of 40 CFR part 97; provided that to the extent that subpart H of 40 CFR part 97 provides for a 3-year period for recordkeeping, the 3-year period shall apply.

(iii) Copies of all reports, compliance certifications, and other submissions and all records made or required under the NOx Budget Trading Program.

(iv) Copies of all documents used to complete a NOx Budget permit application and any other submission under the NOx Budget Trading Program or to demonstrate compliance with the requirements of the NOx Budget Trading Program.

(2) The NOx authorized account representative of a NOx Budget source and each NOx Budget unit at the source shall submit the reports and compliance certifications required under the NOx Budget Trading Program, including those under subparts D, H, or 1 of 40 CFR part 97.

| Brownsville Power | I, | L.L.C | 7. |
|--------------------------|----|-------|----|
| Plant Name (from Step 1) | | | |

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(f) Liability

(1) Any person who knowingly violates any requirement or prohibition of the NOx Budget Trading Program, a NOx Budget permit, or an exemption under § 97.4(b) or § 97.5 shall be subject to enforcement pursuant to applicable State or Federal law.

(2) Any person who knowingly makes a false material statement in any record, submission, or report under the NOx Budget Trading Program shall be subject to criminal enforcement pursuant to the applicable State or Federal law.

(3) No permit revision shall excuse any violation of the requirements of the NOx Budget Trading Program that occurs prior to the date that the revision takes effect.

(4) Each NOx Budget source and each NOx Budget unit shall meet the requirements of the NOx Budget Trading Program.

(5) Any provision of the NOx Budget Trading Program that applies to a NOx Budget source or the NOx authorized account representative of a NOx Budget source shall also apply to the owners and operators of such source and of the NOx Budget units at the source.

such source and of the NOx Budget units at the source.

(6) Any provision of the NOx Budget Trading Program that applies to a NOx Budget unit or the NOx authorized account representative of a NOx budget unit shall also apply to the owners and operators of such unit. Except with regard to the requirements applicable to units with a common stack under subpart H of 40 CFR part 97, the owners and operators and the NOx authorized account representative of one NOx Budget unit shall not be liable for any violation by any other NOx Budget unit of which they are not owners or operators or the NOx authorized account representative and that is located at a source of which they are not owners or operators or the NOx authorized account representative.

(g) Effect on Other Authorities.

No provision of the NOx Budget Trading Program, a NOx Budget permit application, a NOx Budget permit, or an exemption under § 97.4(b) or § 97.5 shall be construed as exempting or excluding the owners and operators and, to the extent applicable, the NOx authorized account representative of a NOx Budget source or NOx Budget unit from compliance with any other provision of the applicable, approved State implementation plan, a federally enforceable permit, or the Clean Air Act.

Certification

I am authorized to make this submission on behalf of the owners and operators of the NOx Budget sources or NOx Budget units for which the submission is made. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.

| Barry E. Pulskamp | |
|------------------------|---------------|
| Name | |
| Signature/Days/Efulthy | Date 11/25/02 |